



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN. No. 2686 (1962)  
November 9, 1992

SUBJECT: Requirements for Signing the Commodity Credit  
Corporation Lien Waiver, Form CCC-679, for  
Farmer Programs Borrowers

TO: State Directors, District Directors,  
and County Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to amend FmHA AN No. 2490 (1962) dated March 12, 1992, to ensure that the Agricultural Stabilization and Conservation Service (ASCS) identifies the estimated net disbursement amount in item 8 of Form CCC-679 at or prior to the time FmHA provides a lien waiver to ASCS. This AN was revised in order to comply with the MEMORANDUM OF UNDERSTANDING (MOU) that was approved by FmHA on June 18, 1992, and ASCS on July 7, 1992, and is published in FmHA Instruction 2000-AAA, Exhibit A, which is being issued in Procedure Notice 185, dated November 18, 1992, and will be received shortly by FmHA field offices. The intended outcome is to provide guidance on items to review when determining if the Lien Waiver should be signed when CCC funds are involved.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN 2490 on the same subject, dated March 12, 1992.

IMPLEMENTATION RESPONSIBILITIES:

Since FmHA and ASCS have entered into a MOU on the above subject, you should continue to comply with the steps listed in this AN on a case-by-case basis when reviewing a request to sign Form CCC-679.

EXPIRATION DATE: September 30, 1993

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1962-A



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

1. Before ASCS provides FmHA with Form CCC-679, ASCS will calculate the estimated net price support proceeds which FmHA will receive. This amount will be entered on Form CCC-679 in the right half of the "Name and Address of Lienholder or Authorized Agent" section, item 8. It will be marked as "estimated net disbursement amount." The FmHA County Office address will also be shown in item 8.

2. When a borrower requests the execution of Form CCC-679, and the ASCS office verify that the borrower does not have any unsettled claims that would offset from the price support proceeds, then document in the case file running record, mark block 2 of Form CCC-679 and immediately execute the form. (An analysis of the farmer's financial position is not necessary in this case.)

3. If ASCS indicates the borrower has ACTIVE CLAIMS that have not been settled, you must conduct an analysis to determine if the borrower has adequate income to pay ALL of ASCS's unsettled claims and FmHA's installments after consideration has been given to the agreed upon releases per Form FmHA 1962-1, "Agreement for the Use of Proceeds/Release of Chattel Security." The release of CCC loan funds to pay ASCS unsettled claims must be authorized on Form FmHA 1962-1. A revision to Form FmHA 1962-1 may be necessary to show that FmHA installments WILL BE PAID from available income. This requirement will be based on ALL income, which includes farm income, non-farm income and the proposed CCC loan funds. If it is determined that adequate income is available to meet these requirements, you should check block 3 of Form CCC-679, and immediately execute the form. THE ABOVE REQUIREMENTS FOR DETERMINING REPAYMENT ABILITY ONLY APPLY WHEN DECIDING WHETHER TO EXECUTE FORM CCC-679 AND SHOULD NOT BE USED WHEN DETERMINING REPAYMENT ABILITY FOR LOAN MAKING AND SERVICING.


4. If adequate income, including the CCC loan funds, is not available to meet the requirements in item 3, the borrower's request will be denied. The borrower should be advised to contact the local ASCS office to work out a solution on the unsettled claims.

It has come to our attention that Form CCC-679 is interpreted by some in the field as a "total lien waiver" by which FmHA releases its lien on all crops placed in the CCC loan program. We have discussed this issue with the Office of the General Counsel at the National Office and wish to clear up this misinterpretation. When a County Supervisor executes Form CCC-679, FmHA waives its interest in the crops in favor of CCC ONLY. In so far as parties other than CCC are concerned, FmHA continues to have a valid lien on the crops and their proceeds.

The above guidance should not be confused with AN No. 2454 (1945) and AN No. 2455 (1980) concerning ASCS disaster payments. Each FmHA County Office should notify its respective ASCS Office of the method FmHA will be using to determine justification for executing these lien waivers.

If you have any questions, please contact Johnny Toles of the Farmer Programs Inventory Property Unit at FTS (202) 690-4014.

ANY REVISIONS OR MODIFICATIONS TO THIS AN THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR OF FARMER PROGRAMS BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH STATE LAW.



LA VERNE AUSMAN  
Administrator

Sent by Time Delay Option to States on 11/12/92 at 1:00 pm; to Districts on 11/12/92 at 3:00 pm; and to Counties on 11/13/92 at 7:00 am by GSS.

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
FARMERS HOME ADMINISTRATION  
AND  
COMMODITY CREDIT CORPORATION

The Farmers Home Administration (FmHA) sometimes makes loans to farmers on the security of agricultural commodities that are eligible for price support under loan and purchase programs conducted by the Commodity Credit Corporation (CCC). FmHA and CCC desire that price support be made available to farmers without unnecessarily impairing or undermining the respective security interests of FmHA and CCC in and without undue inconvenience to producers and FmHA and CCC in securing lien waivers on such commodities.

Now, therefore, it is agreed as follows:

- (A) If liens or encumbrances are recorded, FmHA borrowers shall obtain lien waivers using Form CCC-679, Lien Waiver, before their commodity loans are disbursed, even if the liens or encumbrances will be satisfied from the loan or purchase proceeds. Disbursing proceeds to FmHA does not eliminate lien waiver requirements.
- (B) FmHA must agree that the proceeds of the loan shall be disbursed (1) to the producer, (2) jointly to the producer and FmHA, or (3) jointly to the producer and FmHA less a specified amount for administrative offset, by checking the applicable block and signing CCC-679. The estimated net disbursement amount shall be calculated by a representative of CCC and entered on the CCC-679, item 8, identified as "estimated net disbursement amount" before the CCC-679 is provided to FmHA.
- (C) If an administrative offset is applicable to the loan disbursement amount, CCC will consider loan approval and disbursement only if FmHA checks block (1) or (3) on CCC-679.
- (D) CCC agrees to provide FmHA, upon request, any debt information on file in the county ASCS office with respect to the borrower.

7-7-92

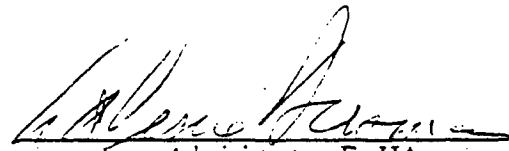
(Date)



Executive Vice President, CCC

6-18-92

(Date)



Administrator, FmHA

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LA VERNE AUSMAN  
Administrator

Sent by Time Delay Option to States at 1:00 pm 8/11/92 to  
Districts at 3:00pm or 8/11/92 and Counties at 7:30am or 8/12/92 by GSS.